

Yardi® Matrix

MULTIFAMILY REPORT

Chicago Finds Its Footing

Winter 2020

Rent Gains Below Average, But Still Solid

Development Targets Urban Core

Investment Remains Promising



CHICAGO MULTIFAMILY

Yardi® Matrix

Windy City Enjoys Some Smooth Sailing

Chicago's multifamily market continues to see stable advancement, underpinned by its solid job market. Rents grew by 2.1% year-over-year, as of January. While falling below the national rate by 90 basis points, this share is in line with the metro's average rate over the past 35 months. Rent growth was stronger in the suburbs, where inventory expansion has been limited.

Chicago's job gains have been steady throughout the past two years. The metro added 28,600 jobs in the 12 months ending in November, with education and health services leading growth (15,600 jobs). Construction lost several jobs (-2,100 jobs), but a slew of large-scale projects is changing the landscape in the urban core. The most significant of these is Lincoln Yards, where Sterling Bay is building a \$6 billion, 55-acre mixed-use district.

While transaction volumes have shifted down a gear, capital is still being poured into Chicago-area rental assets. Investors largely focused on suburban properties in 2019, targeting their value-add potential, with \$1.5 billion of the \$2.7 billion of transactions aimed at non-core properties. With completions coming hot off last year's cycle peak of 11,228 units, the pipeline remained consistent, as 20,128 apartments were underway at the start of 2020. Considering the metro's supply-demand balance, we expect the average Chicago rent to advance by 2.3% in 2020.

Market Analysis | Winter 2020

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Recent Chicago Transactions

Prairie Shores



City: Chicago
Buyer: Fairpoint Development
Purchase Price: \$253 MM
Price per Unit: \$160,333

Railway Plaza



City: Naperville, Ill.
Buyer: BH Equities
Purchase Price: \$96 MM
Price per Unit: \$230,515

Deer Park Crossing



City: Deer Park, Ill.
Buyer: Redwood Capital Group
Purchase Price: \$91 MM
Price per Unit: \$383,475

The Atworth at Melody Farm



City: Vernon Hills, Ill.
Buyer: PASSCO Real Estate
Purchase Price: \$90 MM
Price per Unit: \$347,769